

FORM MR-RC (SMO)
Revised August 9, 2006
RECLAMATION CONTRACT

Mine Name: Reef Mine

Other Agency File Number: ML 50765

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Southwest Stone the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. 5015/0094 which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:
 - A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and workings; refuse banks or spoil piles; evaporation or settling

ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
 - 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
 - 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety for the purpose of fully satisfying all of the reclamation

obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

Southwest Stone
Operator Name

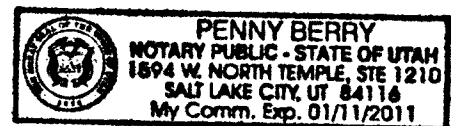
By Jeff Sagers
Authorized Officer (Typed or Printed)
President
Authorized Officer - Position

Jeff Sagers
Officer's Signature Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 8 day of October, 2009, Jeff Sagers
personally appeared before me, who being by me duly sworn did say that he/she is an President (owner, officer, director, partner, agent or other (specify)) of the Operator Southwest Stone and duly acknowledged that said instrument was signed on behalf of said Operator by authority of its bylaws, a resolution of its board of directors or as may otherwise be required to execute the same with full authority and to be bound hereby.

Penny Berry
Notary Public
Residing at Salt Lake
1/11/2011
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

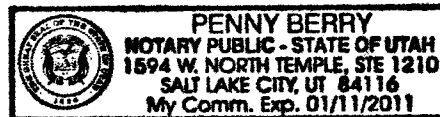
11/23/09
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 23 day of November, 2009, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.

Penny Berry
Notary Public
Residing at: Salt Lake

1/11/2011
My Commission Expires:



FACT SHEET

Commodity: Building Stone

Mine Name: Reef Mine

Permit Number: 5 015 0094

County: Emery

Disturbed Acres: 5

Operator Name: Southwest Stone

Operator address: 2421 W 350 N Hurricane, UT 84737

Operator telephone: 435-635-2601

Operator fax: 435-635-2694

Operator email: jeff@southweststone.net

Contact: Jeff Rogers

Surety Type: CD & Cash

Held by (Bank/BLM): Zions

Surety Amount: 25,200⁰⁰ CD

Surety Account Number: _____

Escalation Year: _____

Tax ID or Social Security (for cash only): _____

Surface owner: SITLA

Mineral owner: SITLA

UTU and/or ML number: ML 50765

11/16/09
\$9800 in Cash Acct.
4550⁰⁰ interest in
Cash Acct.
295546 New Cash
789365 CD
\$25,200 Total



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

RECEIVED

NOV 10 2009

DIV. OF OIL, GAS & MINING

Date NOVEMBER 6, 2009

Capital Community Bank (Bank Name)
1909 West State Street (Address)
Pleasant Grove, Utah 84062

Attention: Jon Allen, Vice President (Bank Acct. Rep., Branch Manager, etc.) 801-705-4364 (phone)

Subject: Reclamation Surety, Certificate of Deposit for Southwest Stone, Inc. 's, (Company Name)
Reef Mine Mine Site, S/015/0094 (OGM mine file #),
Emery County, Utah, SITLA Serial Number ML50765

Certificate of Deposit no. _____ incipal Amount \$ 7,893.65

This letter describes the mutually agreed upon instructions of the below signed parties to
Capital Community Bank Bank ("Bank"), regarding the control, redemption, and release
of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the
availability of reclamation funds for the Reef Mine mine site ("Mine
Site"), Emery County, Utah. It is the intention of the parties that the CD be
utilized as surety to guarantee that \$ 7,893.65 in reclamation funds will be available to the State of
Utah, Division of Oil, Gas & Mining ("Division") and SITLA (agency, i.e.
BLM, USFS, etc.) upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to
complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Jeffrey L Sagers, a Individual <type of company> but it is
held by the Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and



SITLA (agency) and is subject to the terms and conditions described in this agreement. Bank hereby acknowledges the pledge of the aforesaid CD to the Division and the BLM and agrees to record the information in the bank's written and electronic records of book entry. Further, the bank acknowledges and agrees that it shall hold the moneys represented by the CD's as a custodian and agent for the Division and shall be liable to the Division for any and all losses to the principal amount of the aforesaid CD caused in any manner whatsoever during the terms of this agreement. The Division acts as agent for the Bureau of Land Management. The CD shall automatically renew indefinitely until either redeemed or released by the Director of the Division. The Division may request CD information on an occasional basis. This letter grants approval by Southwest Stone, Inc. (name of operator) for the bank to provide CD information to the Division any time an inquiry is made via telephone, email, or letter.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of Director of the Utah Division of Oil, Gas & Mining. Upon the instruction and demand of the Director, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners' control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division may redeem the CD.

Release:

The Bank shall release the CD only upon the written instruction of the Director of the Division to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owners, or their legal successors-in-interest. In the event of Bank cancellation/termination of the Certificate of Deposit, the Division may request a transfer or release of the certificate of deposit monies into a state managed cash account to assure or complete reclamation if the Operator

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November 3, 2009
Subject:

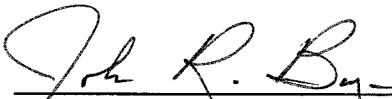
does not replace the Certificate of Deposit within the ninety days of Bank cancellation/termination notice. If the Bank is under a forced cancellation/termination, the Bank agrees to transfer or release the CD funds to a state managed cash account at the Division's request.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner(s) as the Owner(s) may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner(s) may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$ 7,893.65. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.


Bank will not be held liable for any dispute between the parties.

Agreed Upon By:



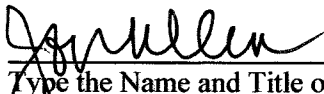
John R. Baza, Director
Utah Division of Oil, Gas & Mining

Date: 11/23/09



Type the Name & Title of Company Authorized Officer here
Type the Company Name here SOUTHWEST STONE INC.
Tax ID Number: 20-4410254

Date: November 6, 2009



Type the Name and Title of Bank Authorized Officer here JON ALLEN- VICE PRESIDENT
Type the Name of Bank here CAPITAL COMMUNITY BANK

Date: NOVEMBER 9, 2009

CONFIRMATION OF TIME DEPOSIT

Financial Institution: Capital Community Bank, Pleasant Grove Office
1909 West State St, Pleasant Grove, UT 84062

STATE OF UTAH DEPARTMENT OF NAT 3611

Account Name: JEFFREY L SAGERS POD: SON- KOLBY L SAGERS
OWNERSHIP TYPE: Payable on Death

SSN/TIN: RESOURCES

Account Number	Issue Date	Deposit Amount	Term	Maturity Date
	October 7, 2009	\$7,893.65	13 Months	November 8, 2010

Rate Information: This Account is an interest bearing account. The interest rate on the account is 1.85% with an annual percentage yield of 1.86%.

The interest rate and annual percentage yield may change. At your discretion, you may change the interest rate on the account once during the term of the certificate of deposit. You may exercise this option by notifying us in writing. We will make the change on the date we receive your notice. You may opt to change the interest rate on this account to the interest rate then in effect for a new certificate, with a similar term as the original term of your certificate. The interest rate and resulting annual percentage yield will then change to the interest rate being paid by us on that date on certificates of deposit with a term length closest to the term length of this certificate at account opening. Interest begins to accrue on the business day you deposit noncash items (for example, checks). Interest will be compounded quarterly and will be credited to the account quarterly. Interest on your account will be credited by adding the interest to the principal. The annual percentage yield assumes interest will remain on deposit until maturity. A withdrawal will reduce earnings.

Balance Information: We use the daily balance method to calculate the interest on the account. This method applies a daily periodic rate to the principal in the account each day. We will use an interest accrual basis of 365 (or 366 in leap year) for each day in the year.

Limitations: You must deposit \$10,000.00 to open this account. You may not make additional deposits into this account. You may not make withdrawals from your account until the maturity date.

Time Account Information: Your account will mature on November 8, 2010. If you withdraw any of the principal or interest before the maturity date, we will impose a penalty of ninety (90) days' interest on the principal balance in the account. This account will automatically renew. You will have ten (10) days after the maturity date to withdraw funds without penalty. If you do not withdraw the funds, each renewal term will be for an identical period of time as the original term, although your option to change the interest rate once applies only during the initial term of the certificate of deposit and not after the first renewal.

Account Fees: The following fees apply to this account: Garnishment/Tax Levy: \$60; Wire Transfer (incoming): \$10; Returned Deposited Item: \$5; Wire Transfer (outgoing foreign): \$45; Cashier's Check, Official Check, Money Order: \$3 (waived for senior citizens); Wire Transfer (outgoing domestic): \$15; Special Account Research: \$35/hour + \$5/copy; Temporary Statement: \$2; and Returned Mail Fee: \$5/piece.

NON TRANSFERABLE - NON NEGOTIABLE	Member FDIC	Signature and Title of Authorized Financial Institution Signatory <i>[Signature]</i> <i>[Signature]</i>
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TIME DEPOSIT AGREEMENT - ONE-TIME BUMP 13-MONTH TIME DEPOSIT

We appreciate your decision to open a time deposit account with us. This Agreement sets forth certain conditions, rates, and rules that are specific to your Account. Each signer acknowledges that the Account Holder named has placed on deposit with the Financial Institution the Deposit Amount indicated, and has agreed to keep the funds on deposit until the Maturity Date. As used in this Agreement, the words "you", "your" or "yours" mean the Account Holder(s), the word "Account" means this Time Deposit Account and the word "Agreement" means this Time Deposit Agreement, and the words "we", "us" and "our" mean the Financial Institution. This Account is effective as of the Issue Date and is valid as of the date we receive credit for noncash items (such as checks drawn on other financial institutions) deposited to open the Account. Deposits of foreign currency will be converted to U.S. funds as of the date of deposit and will be reflected as such on our records.

ISSUE DATE. If you open a time deposit account with us after 6:00 PM on a business day that we are open, we will consider that the transaction was made at the opening of the next business day for issue date and effective date purposes.

INTEREST RATE. The interest rate is the annual rate of interest paid on the Account which does not reflect compounding ("Interest Rate"), and is based upon the interest accrual basis described above.

AUTOMATIC RENEWAL POLICY. If the Account will automatically renew as described above, the principal amount and all paid earned interest that has not been withdrawn will automatically renew on each Maturity Date for the term described above in the Time Account Information section. If the deposit term causes the maturity date to fall on Saturday, Sunday, or a holiday, the maturity date will be adjusted to the next business day. Interest on renewed accounts will be calculated at the interest rate then in effect for time deposits of that Deposit Amount and term. If you wish to withdraw funds from your Account, you must notify us during the grace period after the Maturity Date.

EARLY WITHDRAWAL PENALTY. You have agreed to keep the funds on deposit until the Maturity Date of your Account. Any withdrawal of all or part of the funds from your Account prior to maturity may result in an early withdrawal penalty. We will consider requests for early withdrawal and, if granted, the penalty as specified above will apply.

Minimum Required Penalty. If you withdraw money within six (6) days after the date of deposit, the Minimum Required penalty is seven (7) days' simple interest on the withdrawn funds. If partial early withdrawal(s) are permitted, we are required to impose the Minimum Required Penalty on the amount(s) withdrawn within six (6) days after each partial withdrawal. The early withdrawal penalty may be more than the Minimum Required Penalty. You pay the early withdrawal penalty by forfeiting part of the accrued interest on the Account. If your Account has not earned enough interest, or if the interest has been paid, we take the difference from the principal amount of your Account.

Exceptions. We may let you withdraw money from your Account before the Maturity Date without an early withdrawal penalty: (1) when one or more of you dies or is determined legally incompetent by a court or other administrative body of competent jurisdiction; or (2) when the Account is an Individual Retirement Account (IRA) established in accordance with 26 USC 408 and the money is paid within seven (7) days after the Account is opened; or (3) when the Account is a Keogh Plan (Keogh), if you forfeit at least the interest earned on the withdrawn funds; or (4) if the Account is an IRA or a Keogh Plan established pursuant to 26 USC 408 or 26 USC 401, when you reach age 59 1/2 or become disabled; or (5) within an applicable grace period (if any).

RIGHT OF SETOFF. Subject to applicable law, we may exercise our right of setoff or security interest against any and all of your Accounts (except IRA, HSA, Keogh plan and Trust Accounts) without notice, for any liability or debt of any of you, whether joint or individual, whether direct or contingent, whether now or hereafter existing, and whether arising from overdrafts, endorsements, guarantees, loans, attachments, garnishments, levies, attorneys' fees, or other obligations. If the Account is a joint or multiple-party account, each joint or multiple-party account holder authorizes us to exercise our right of setoff against any and all Accounts of each Account Holder.

OTHER ACCOUNT RULES. The following rules also apply to the Account.

Surrender of Instrument. We may require you to endorse and surrender this Agreement to us when you withdraw funds, transfer or close your Account. If you lose this Agreement, you agree to sign any affidavit of lost instrument, or other Agreement we may require, and agree to hold us harmless from liability, prior to our honoring your withdrawal or request.

Death of Account Holder. Each Account Holder agrees to notify us immediately upon the death of any other Account Holder. You agree that we may hold the funds in your Account until we have received all required documentation and instructions.

Indemnity. If you ask us to follow instructions that we believe might expose us to any claim, liability or damages, we may refuse to follow your instructions or may require a bond or other protection, including your agreement to indemnify us.

Pledge. You agree not to pledge your Account without our prior consent. You may not withdraw funds from your Account until all obligations secured by your Account are satisfied.

09:55:57

Change Stop Payments and Holds

JEFFREY L SAGERS

4053 DINGLE ROAD

DINGLE

ID 83233

Account 3 36005411 Cust

Current Balance

Holds

Uncollected

Available Balance

26841

7,893.65

7,893.65

.00

.00

Search for Check Number _____

Search for Amount _____

.00

Type options, press Enter.

2=Change 3=Release/Reactivate 4=Delete

Opt	Type	Reason	Status	Order Date	Expire Date	Amount
_	HOLD	HELD FOR ST OF UTAH GAS-MINE	ACTIVE	10/08/09	10/05/21	7,893.65

F1=Help F2=Create Stop/Hold F3=End F5=Summary F7=Message F11=View
F12=Cancel

Bottom